

SEC. 11.96.

(a) It is the intent of the Legislature in enacting this section to provide flexibility for administrative adjustments, to fully spend the \$27,017,016,860 in federal funds allocated from the Coronavirus State Fiscal Recovery Fund as authorized by the federal American Rescue Plan Act of 2021 (P.L. 117-2), that support the state's response to the COVID-19 public health emergency, address the negative economic impacts caused by COVID-19, support eligible infrastructure, or are otherwise eligible expenditures pursuant to federal law or guidance. These funds shall be deposited in the Coronavirus Fiscal Recovery Fund of 2021 and may earn interest. Up to \$10,000,000 of the interest earned from these funds may be used to address unanticipated workload. Additional interest earned from these funds shall not be spent without an appropriation by the Legislature in another statute.

(b) Except as provided in this section, allocations of these funds shall be made in the annual Budget Act or another statute. Section 28.00 does not apply to the funds described in this section.

(c) Any appropriation from the Coronavirus Fiscal Recovery Fund of 2021 shall be available for expenditure through June 30, 2024, unless an earlier deadline is specified at the time of appropriation. These dates may be extended if the Director of Finance determines a later deadline is authorized by the federal government or that a department will complete the program, project, or function such that funds will be expended or encumbered by December 31, 2024.

(d) The Department of Finance may authorize the establishment of positions and transfer amounts within a program, project, or function, in or between a department's state operations, local assistance, and capital outlay items, to support the implementation of the same programmatic purpose appropriated by the Legislature from the Coronavirus Fiscal Recovery Fund of 2021, pursuant to this act. Any transfer or reallocation for other purposes shall require an appropriation by the Legislature in another statute.

(e) The Director of Finance may adjust any item of appropriation to reallocate funds not encumbered as of August 1, 2024, to ensure funds are expended or encumbered by the federal deadline for other allowable activities.

(f) The Director of Finance shall annually report in writing by February 1, 2022, and each year thereafter the amount of unexpended or unencumbered funds by program to the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

(g) All obligations from the Coronavirus Fiscal Recovery Fund of 2021 shall be liquidated pursuant to the end of the period of performance of December 31, 2026, unless the Director of Finance determines this deadline should be adjusted pursuant to any changes authorized by the federal government, including regulations or federal guidance.

(h) The funds described in subdivision (a) may be allocated to offset or reduce appropriations in the 2020–21 and 2021–22 fiscal years for eligible activities.

(i) The Director of Finance may authorize the augmentation of the funds described in subdivision (a) for expenditure to conduct an audit or address audit findings to mitigate and ensure full compliance and use of these funds for the intended purposes in subdivision (a) consistent with federal requirements for any program, project, or function in the schedule of any item of appropriation in this act. If no item for a department currently exists, then an item may be created for this purpose.

(j) The Director of Finance may transfer funds from the Coronavirus Fiscal Recovery Fund of 2021 to any other state fund to offset expenditures in the 2020–21 and 2021–22 fiscal years related to the state's direct response to the COVID-19 public health emergency.

(k) The Director of Finance may transfer up to \$9,196,313,000 from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund based on the estimated amount of revenue loss calculated pursuant to federal statute and guidance from the United States Treasury. The notification requirement in subdivision (l) does not apply to this transfer. However, the Director of Finance must notify the Joint Legislative Budget Committee if the amount transferred pursuant to this paragraph is less than \$9,196,313,000 within 10 days after the transfer.

(l) Adjustments authorized pursuant to this section shall not be expended prior to 30 days after the Director of Finance notifies the Joint Legislative Budget Committee in writing of the purposes of the planned expenditure and the justification for the amount proposed for expenditure. The Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may shorten or waive that 30-day period by written notification to the Director of Finance.